

# Mobilisation of the European Globalisation Adjustment Fund: redundancies in electronic products manufacturing in Italy

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The Committee on Budgets adopted the report by Frédéric DAERDEN (S&D, BE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the amount of EUR 3 010 985 in commitment and payment appropriations to assist Italy regarding redundancies in the electronic products manufacturing sector.

Members recalled that the European Union set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market.

Given that Italy submitted an application for a financial contribution from the EGF, following 1 164 redundancies in VDC Technologies SpA and one supplier with 1 146 workers targeted for EFG co-funded measures, during the reference period from 26 February 2012 to 25 June 2012, Members agreed with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met.

Therefore, **Italy is entitled to a financial contribution** under the EGF Regulation.

Members stated that the redundancies in VDC Technologies SpA and one supplier (manufacture of television sets, television monitors and displays as well as air-conditioning units) are linked to major structural changes in world trade patterns due to globalisation, referring to serious economic disruption for the sector of manufacture of electrical equipment due to intensified competition from third countries, particularly China.

Members recognised the need for drawing lessons from numerous EGF applications based on globalisation criterion in a given sector in view of **reforming the EU trade policy**, both in terms of liberalisation and trade defence instruments.

They welcomed the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the personalised services to the affected workers on 30 November 2012, nine months before the EGF application submission and well ahead of the final decision on granting the EGF support for the proposed coordinated package.

**Coordinated package of personalised services:** Members noted that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 1 146 redundant workers into employment such as occupational guidance/ skills assessment, training, service to individuals, support to entrepreneurship, recruitment bonus, participation allowance. They regretted that the package does not contain any specific measures targeting older workers. They pointed to a relatively high level of recruitment incentive (EUR 6 000 per worker) but welcomed the fact that this measure is conditioned upon offering a permanent contract or a fixed-term contract of 24 months to workers.

**New EGF:** Members welcomed the agreement reached between the European Parliament and the Council regarding the new EGF Regulation, for the period 2014-2020, to reintroduce the crisis mobilisation criterion, to increase Union financial contribution to 60% of the total estimated cost of proposed measures, to increase efficiency for the treatment of EGF applications in the Commission and by the European

Parliament and the Council by shortening time for assessment and approval, to widen eligible actions and beneficiaries by introducing self-employed persons and young people and to finance incentives for setting up own businesses.

They stressed that, in accordance with Article 6 of the EGF Regulation, it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment.

Lastly, Members reiterated their position according to which:

- EGF assistance can co-finance only active labour market measures which lead to durable, long-term employment;
- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements nor measures restructuring companies or sectors.